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# ANNUAL SUMMARY REPORT

OCTOBER 2012 – SEPTEMBER 2013

**ENVIRONMENTAL MANAGEMENT AND FOREST GOVERNANCE  
SUPPORT ACTIVITY (PERU BOSQUES)**

**December 2013**

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**Contract No. AID-527-C-11-00002**

Photo: Workshop on gender analysis in natural resource management, Loreto, Peru.

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.



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## ACRONYMS

ACR	Regional Conservation Areas ( <i>Área de Conservación Regional</i> )
ACRAA	Ampiyacu Apayacu Regional Conservation Areas ( <i>Área de Conservación Regional Ampiyacu Apayacu</i> )
ACRANPCH	Upper Nanay Pintuyacu Chambira Regional Conservation Area ( <i>Área de Conservación Regional Alto Nanay Pintuyacu Chambira</i> )
ACRCTT	Tamshiyacu Tahuayo Community Regional Conservation Area ( <i>Área de Conservación Regional Comunal Tamshiyacu Tahuayo</i> )
AFIMAD	Indigenous Forestry Association of Madre de Dios ( <i>Asociación Forestal Indígena de Madre de Dios</i> )
AOP	Annual Operating Plan
ARA	Regional Environmental Authority ( <i>Agencia Regional Ambiental</i> )
ARAU	Ucayali Regional Environmental Agency ( <i>Agencia Regional Ambiental de Ucayali</i> )
AIDSEP	Inter-ethnic Association for the Development of the Peruvian Rainforest ( <i>Asociación Interétnica de Desarrollo de la Selva Peruana</i> )
AOTS Perú	Kenshu Kiokay Association of Peru ( <i>Asociación Kenshu Kiokay del Perú</i> )
APCI	Peruvian International Cooperation Agency ( <i>Agencia Peruana de Cooperación Internacional</i> )
APECO	Peruvian Association for Nature Conservation ( <i>Asociación Peruana para la Conservación de la Naturaleza</i> )
APEMED	Association of Small Construction Timber Providers ( <i>Asociación de Pequeños Empresarios Madereros en Madera Pre Dimensionada</i> )
APEXRU	Association of Small Logging and Reforestation Entrepreneurs of Ucayali ( <i>Asociación de Pequeños Extractores y Reforestadores de Ucayali</i> )
CAP	Staffing Chart ( <i>Cuadro para Asignación de Personal</i> )
CAR	Regional Environmental Commission ( <i>Comisión Regional Ambiental</i> )
CIAM	Interregional Amazonian Council ( <i>Consejo Interregional Amazónico</i> )
COICA	Coordinating Agency of Indigenous Organizations of the Amazon Basin ( <i>Coordinadora de Organizaciones Indígenas de la Cuenca Amazónica</i> )

CONAP	Confederation of Amazon Nations of Peru ( <i>Confederación de Nacionalidades Amazónicas del Perú</i> )
DEFFS	Ucayali Executive Directorate for Forestry and Wildlife ( <i>Dirección Ejecutiva Forestal y de Fauna Silvestre de Ucayali</i> )
DGFFS	General Directorate for Forestry and Wildlife ( <i>Dirección General Forestal y de Fauna Silvestre</i> )
DIRCETURA	Loreto Regional Directorate of Foreign Trade, Tourism, and Crafts ( <i>Dirección Regional de Comercio Exterior Turismo y Artesanía de Loreto</i> )
DIREPRO	Ucayali Regional Directorate of the Ministry of Production ( <i>Dirección Regional del Ministerio de la Producción de Ucayali</i> )
DRFFS	Regional Directorate of Forestry and Wildlife of Madre de Dios ( <i>Dirección Regional Forestal y de Fauna Silvestre de Madre de Dios</i> )
ECOPURUS	Implementing Agency of the Administrative Contract for the Purus Community Reserve ( <i>Ejecutor del Contrato de Administración de la Reserva Comunal Purús</i> )
ECOSIRA	Implementing Agency of the Administrative Contract for the El Sira Communal Reserve ( <i>Ejecutor de Contrato de Administración de la Reserva Comunal El Sira</i> )
EEZ	Economic Ecological Zoning
ERDB	Regional Strategy for Biological Diversity ( <i>Estrategia Regional de Diversidad Biológica</i> )
FECONADIP	Federation of Native Communities of Iparia District ( <i>Federación de Comunidades Nativas del Distrito de Iparía</i> )
FENACOCA	Native Federation of Cacataibo Communities ( <i>Federación Nativa de Comunidades Cacataibo</i> )
GI	Intergovernmental Group ( <i>Grupo Intergubernamental</i> )
GOREL	Loreto Regional Government
GOREMAD	Madre de Dios Regional Government
GOREU	Ucayali Regional Government
GRRNNyGMA	Regional Management Office of Natural Resources and Environmental Management ( <i>Gerencia Regional de Recursos Naturales y Gestión del Medio Ambiente</i> )
GTT	Technical Work Group



IIAP	Research Institute of the Peruvian Amazon ( <i>Instituto de Investigaciones de la Amazonía Peruana</i> )
LFES	Forestry and Wildlife Law ( <i>Ley Forestal y de Fauna Silvestre</i> )
MEF	Ministry of the Economy and Finance
MIMP	Ministry of Women and Vulnerable Populations
MINAGRI	Ministry of Agriculture and Irrigation
MINAM	Ministry of the Environment
MINCETUR	Ministry of Foreign Trade and Tourism
OIFFS	Loreto Office of Forestry and Wildlife Information ( <i>Oficina de Información Forestal y de Fauna Silvestre de Loreto</i> )
OPI	Investment Planning Office ( <i>Oficina de Programación de Inversiones</i> )
OPP	Loreto Planning and Promotion Office ( <i>Oficina de Planeamiento y Promoción de Loreto</i> )
ORAU	Regional Branch, AIDSEP Ucayali
ORDIM	Masisea Indigenous District Organization ( <i>Organización Distrital Indígena de Masisea</i> )
OSINFOR	Forestry Resource and Wildlife Oversight Agency ( <i>Organismo de Supervisión de los Recursos Forestales y de Fauna Silvestre</i> )
PAP	Staff Analytical Budget ( <i>Presupuesto Analítico del Personal</i> )
PCA	Annual Logging Area ( <i>Parcela de Corta Annual</i> )
PFSI	Peru Forest Sector Initiative
PNF	National Forestry Policy
PRMRFFS	Loreto Forestry and Wildlife Management Program ( <i>Programa Regional de Manejo de Recursos Forestales y de Fauna Silvestre</i> )
PROCREL	Program for the Conservation, Management, and Sustainable Use of Biological Diversity in Loreto Region ( <i>Programa de Conservación, Gestión y Uso Sostenible de la Diversidad Biológica en la Región Loreto</i> )
PRODES	USAID/Peru Pro-decentralization Program
PRODUCE	Ministry of Production
ProNaturaleza	Peruvian Nature Conservation Foundation ( <i>Fundación Peruana para la Conservación de la Naturaleza</i> )
PSGC	International Quality Management Program of the Ministry of Production

ROF	Organizational Regulations and Functions
SEBRAE	Brazilian SME Support Service ( <i>Serviço Brasileiro de Apoio às Micro e Pequenas Empresas</i> )
SERFOR	Forest and Wildlife Service ( <i>Servicio Nacional Forestal y de Fauna Silvestre</i> )
SERNANP	National Park Service ( <i>Servicio Nacional de Áreas Naturales Protegidas</i> )
SNIF-MC	Control Module of the National Forestry and Wildlife Information System ( <i>Modulo de Control del Sistema Nacional de Información Forestal y de Fauna Silvestre</i> )
SNIP	National Public Investment System ( <i>Sistema Nacional de Inversión Pública</i> )
SPDA	Peruvian Environmental Law Society ( <i>Sociedad Peruana de Derecho Ambiental</i> )
SUNAT	National Superintendency of Customs and Tax Administration ( <i>Superintendencia Nacional de Aduanas y de Administración Tributaria</i> )
TCN	Third country national
TUPA	Administrative Procedures Manual ( <i>Texto Unico de Procedimientos Administrativos</i> )
USAID	United States Agency for International Development
USFS	United States Forest Service
USTR	United States Trade Representative

## EXECUTIVE SUMMARY

Chemonics International is pleased to present the Second Annual report for the Environmental Management and Forestry Governance Support Activity, known as Peru Bosques. This report summarizes progress made through all Project activities during the October 2012 to September 2013 period.

During the last year, the Project has undergone changes and restructuring, which have had an effect on its approach and technical direction. At the beginning of this period, the Alternative Development component had to be redefined within the context of Economic Development, and it was eventually eliminated as a Project component. The Economic Development component was also reduced in scope, and greater emphasis and priority was given to Environmental Governance and to supporting institutions within the sector. This has resulted in internal changes within the Project in order to adjust the team to meet the Project's new direction and needs.

Peru Bosques continued working closely with its clients and counterparts during this period of change, defining assistance opportunities in order to generate the greatest level of impact under this new phase of supporting the development of a forestry law, as well as reanalyzing opportunities for leverage with the private sector in order to promote economic development activities. This was reflected towards the end of the period, when Peru Bosques received its modified contract, which aligned all Project activities under two main components: Forest Governance and Environmental Management (which includes Economic Development).

The change in the execution strategy was defined with USAID during several work sessions, and it clearly fits the areas that Peru Bosques has been supporting throughout the year. Based on the activities carried out, we can point out the following improvements in the sector:

### *Forest Governance*

- The development of the National Forestry Policy will allow for clear guidance and long-term vision in Peru's forest and wildlife management. The strategy specifically includes gender considerations.
- The translation of the Forestry and Wildlife Law into Quechua, Shipibo, Conibo, Ashaninka, and Awajun, languages, used by more than 70% of Peru's indigenous population, will enhance participation in the forestry regulation process.
- Training sessions on the regulation process have been held exclusively with indigenous women to narrow the gender gap in terms of women's participation in existing public forums.
- A preliminary version of the Regulations for the Forestry and Wildlife Law has been published and is currently in the process of receiving reactions and contributions from civil society.
- The Prototype for the National Forestry and Wildlife Information System Control Module has been activated in order to be tested and incorporate improvements into the programming of the final software designed to verify the legal origin of wood.
- The Ucayali Regional Environmental Authority was established with a formal commitment to mainstream gender considerations. In addition, governance tools were adopted to initialize operation.

- Governance tools were developed for the Forest and Wildlife Service; this represented an essential requirement to begin its operations.
- The regulations for the Forestry Tribunal were created, as well as the five-year auditing manual for the Forestry and Wildlife Resource Supervision Office, consolidating the system for supervising forest licensees.
- National and regional laws have been established; their implementation will invigorate the use of forest resources.
- Over 11 million soles in funding for environmental projects has been obtained through the National Public Investment System, which will allow certain activities to continue beyond the life of the Project.
- Improvements have been made in administrative procedures and transparency in the offices of the environmental authorities of Loreto and Madre de Dios, making information more accessible to those involved in the forest sector.
- Capacity Building Plans have been created for the Regional Forestry Authorities in Loreto, Ucayali, and Madre de Dios, institutionalizing improvement of the institutions' most important asset.

### *Forest Management and Economic Development*

- The Forestry Community Oversight Committee was consolidated with the Regional Organization of AIDSEP Ucayali, an indigenous organization; 30 forestry overseers were trained in their role, 615 community members from five indigenous groups received training, and two decentralized venues were established. This represents progress toward curtailing illegal felling of trees and improving forest management in native communities.
- The Project has started developing management plans for two protected areas; these are instruments of the highest management order that take into consideration the inclusion of the population through inter-cultural tools which foster their participation.
- As a result of technical assistance offered by the Project, a forest enterprise was able to improve its efficiency by 25% in 10 months of activity, increasing their sales by over US\$ 400,000; this success validates the working model, which will be replicated with other firms.
- The Project has developed an inexpensive and user-friendly method to manage forest licensees. The method is based on using the latest technologies, training, and integrating inventory flow charts and financial efficiency.
- The Project has improved the management of almost 170,000 hectares of forestry licenses and protected areas, reducing the possibility of illegal exploitation.
- The Project has improved the commercial capacities of small forest firms participating in the International Quality Management Program, in international and national tradeshows, and in personalized technical assistance offered by the Project. These activities have led firms to improve their productive and commercial processes. Results are being computed and will be presented in the next report.

## INTRODUCTION

One of the main objectives of Peru Bosques is to support the government of Peru in the fulfillment of the obligations regarding forestry issues it agreed to in the Free Trade Agreement, as well as to encourage conservation of biodiversity and promote economically sustainable development. In order to reach these goals, Peru Bosques is implemented with three major areas of action:

- *Forest Governance.* The established priorities are assisting in the development of the regulations for the Forestry and Wildlife Law, the development of a national forest control system to guarantee the origin of wood, and the establishment and proper functioning of the new national and regional forest institutions.
- *Forest Management.* The focus of this area is working with forest licensees and indigenous and farming communities to improve the efficiency of forest use and working with regional governments to improve management of biologically important areas.
- *Economic Development and Alternative Development.* Under this component, Peru Bosques supports small and medium-sized businesses that make sustainable use of several forest resources. The support consists of training, technical assistance, and market expansion for their products. In addition, this component includes working with the forest industry in order to increase the efficiency of its processes and investment in the forest sector.

In addition, three cross-cutting components are to be included in all of the Project's activities:

- *Gender Considerations.* The aim of this component is to highlight the role of women in diverse forestry activities, since much of their participation remains unobserved, and therefore undervalued. In addition, a second purpose is to balance their participation in public forums making decisions that impact them directly.
- *Intercultural Approach.* This component also consists of two main pillars; the incorporation of native communities to the activities promoted by Peru Bosques (from environmental management to participation in the process of establishing the regulations for the Forestry and Wildlife Law) and the inclusion of cultural mechanisms which will improve their participation and social reassessment, such as the development of materials in their native languages, the use of interpreters, and the use of indigenous terminology.
- *Communication.* This component is based on improving communication with Project counterparts, ensuring that all information arrives in a timely manner and is expressed in the proper language and medium according to each public objective; the main purpose is incorporating our counterparts in different levels of participation in the undertaken activities.

## SECTION I: FOREST GOVERNANCE AND INSTITUTIONS

Four major areas of progress can be reported for this year: i) publishing the Regulations for the Forestry and Wildlife Law (LFFS) to encourage civil society contributions; ii) the implementation of the Forest and Wildlife Service (SERFOR) and Regional Environmental Authorities (ARA); iii) improvement in the ability of forestry stakeholders to participate in the process of establishing regulations; and iv) improvement in regulations surrounding the management of forest resources. As a result of this support, Peru Bosques achieved the below progress in its contractual goals:

# of Indicator	Indicator	Target Reached
2	Number of laws, policies, strategies, plans, agreements, or regulations designed to improve governance of the forestry sector that have been officially submitted, adopted, or implemented as a result of Project support	1447
3	Number of individuals who received training associated with governance of the forestry sector as a result of Project support.	1299
8	Number of individuals who received training associated with natural resource management and biodiversity conservation.	1137

### 1.1. National Approach

#### 1.1.1. Regulations of the Forestry and Wildlife Law

Peru has had the new Forest and Wildlife Law (LFFS) since 2011; however, it has not entered into effect because its Regulations are still in the process of being created. This process consists of four stages: i) internal development at DGFFS; ii) participative stage with civil society to obtain contributions towards the regulations; iii) consultation with indigenous groups; and iv) finishing and publishing the document.

As this is a crucial issue, Peru Bosques has participated through technical assistance, communication support, and operational support. As a result of all this assistance, the first version of the Regulations has been published, marking the beginning of the participative stage to obtain reactions and suggestions from civil society. The work carried out by Peru Bosques to support this process is detailed below:

#### Technical Assistance

Peru Bosques has provided technical assistance for the internal development of the Regulations, incorporating gender consideration and women's inclusion throughout the scope of the regulations, proposing regulations for forest management and generation of forest institutions, and providing training on technical issues to those responsible for developing the regulations. Peru Bosques has also provided specialized consultancies, including the development of technical and legal suggestions for the Regulations and the development of five base documents addressing forestry licenses, local forests, zoning and territorial legislation, management, and forest promotion. This assistance enabled the LFFS

Regulations to be published on September 30, 2013, inviting civil society to participate in the process, thus marking the beginning of the second stage of the process.

In the context of this second stage, by request of the DGFFS, Peru Bosques will implement activity “Dissemination and Gathering of Contributions to the Process of Strengthening the Forestry and Wildlife Sector through the Effective Participation of Female Leadership in the Indigenous Communities of Ucayali and Selva Central”, to be carried out through the National Network for the Promotion of Women, which will work together with stakeholders from the Inter-ethnic Association for the Development of the Peruvian Rainforest (AIDESEP) and the Confederation of Amazon Nations of Peru (CONAP). The aim of this activity is to influence the integration of gender consideration in the LFFS Regulations by encouraging the participation of women in forums where forestry management decisions are made, training them, and listening to their suggestions towards the establishment of the regulations.

The participation of forestry stakeholders such as licensees, native communities, small logging entrepreneurs, and civil society has been invigorated through the following activities:

- A meeting with 32 small logging and transformation entrepreneurs from the Association of Small Logging and Reforestation Entrepreneurs of Ucayali (APEXRU) and the Association of Small Construction Timber Providers (APEMED).
- The “Consolidation of Contributions to the Regulation Process with Representatives from the Indigenous Communities” workshop, attended by 65 representatives from 10 indigenous communities, which resulted in a compilation of suggestions on the major issues involved in the LFFS regulations. The Ucayali Executive Directorate for Forestry and Wildlife submitted this document to the DGFFS.
- Reactivation of the Madre de Dios Regional Board for Dialogue and Forestry Agreements (MRDCF-MDD), led by the Madre de Dios Regional management Office of Natural Resources and Environmental Management (GRRNNyGMA), attended by representatives from over 25 organizations from the public and private sectors and which serves as a forum for promotion, coordination, and channeling of support aimed at encouraging effective participation in the process of disseminating and obtaining suggestions for LFFS Regulations.
- Participation of 13 officials from the regional governments of Madre de Dios, Loreto, San Martín, the Research Institute of the Peruvian Amazon (IIAP), and the National Park Service (SERNANP) in the 9<sup>th</sup> Latin American Conference on Forestry and Environmental Law; as a result of their participation, the representatives submitted a report to the DGFFS with contributions towards LFFS regulations.

All of these activities involving encounters among representatives from the state and the public in general have contributed to training those involved and to improving the text of the LFFS Regulations.

### **Communicational Support**

The following dissemination materials were prepared:

- *Brochure on the regulation-establishing process*, which describes the transition the forest sector is undergoing in its policies, institutions, and regulations.
- *Tutorial presentations in digital media*. Peru Bosques created five tutorials in PowerPoint and Adobe Flash to share three issues with forestry stakeholders: (i) forest policy; (ii) forestry institutions; and (iii) the LFFS regulation process.
- *Informative guides*. Three different information guides were prepared on the forest regulations: the first aimed at making the LFFS public; the second addressed to lumber licensees; the third addressing native communities.
- *Radio spots*. Two radio spots were prepared to disseminate the regulations process with the purpose of reaching Spanish-speaking users in the most distant forests.
- *Cartoon strips*. Peru Bosques prepared four printed cartoon strips aimed at the Spanish-speaking population. The strips, approved by the DGFFS, will be distributed in the near future. They are listed below:
  - "On the paths of the forest", which shares the benefits of the Amazon Forest.
  - "The Prior Consultation Law... What is it?", addressing the importance of the consultation process.
  - "Traveling the Peruvian Forests", which describes the forest resources in the country.
  - "Translation of The Forest and Wildlife Law," addressing the importance of having the LFFS in native languages.
- *Computer graphics on the regulations process*. Computer graphics on the regulations process were prepared to facilitate its comprehension, including an explanation of the LFFS, the process of establishing the National Forestry Policy (PNF), and the creation of the Forest and Wildlife Service (SERFOR).
- *Poster encouraging participation in the consultation process*. The poster describes the consultation process; 4,000 posters were printed and have been distributed by DGFFS in native communities and government offices throughout the nation with the support of Regional Forest Authorities and indigenous associations.
- *Translation of the LFFS*. In order to effectively reach native communities, Peru Bosques aided the translation of the LFFS into four languages: Quechua, Shipibo, Ashaninka, and Awajun. These languages are spoken by over 70% of Peru's indigenous population. In addition, the Project will prepare a guide and a set of prints for bilingual leaders who will explain the LFFS throughout native communities. These materials will be developed with the DGFFS, in close collaboration with the Ministry of Culture (which is responsible for promoting social inclusion) and the Ministry of Education.
- *Media tracking*. The Project implemented a media monitoring report, "the Forestry Information Synthesis", which is submitted daily to the DGFFS, which in turn sends it to the Ministry of Agriculture and Irrigation's Institutional Image Office, the Ministry's national and regional



officials, and representatives from the Intergovernmental Group which are involved in the development of the regulations, as well as to a number of private and institutional stakeholders in the forestry sector. The purpose is to allow for better decision-making aimed at improving communication activities. The Project has produced 124 copies of the report.

All of these activities bring the process of establishing forestry regulations closer to the main actors in the sector, such as forestry stakeholders, civil society, regional organizations, and the public in general with the purpose of encouraging their participation in different levels and at different stages of the process.

## **Operational Support**

To support the DGFFS, Peru Bosques hired a process facilitator, a communications specialist, a forestry expert, and a staff member for logistical support. The Project also covered the cost of organizing eight internal DGFFS workshops and 16 meetings for the purpose of disseminating the process and obtaining contributions from participants. In these meetings held throughout the country, 632 individuals participated, including members of native communities and forest licensees. Similarly, this activity allows the main stakeholders from the forest sector to participate in the process of establishing the LFFS Regulations, especially regional forest authorities and forestry stakeholders, who provide operational aspects to the regulations. In addition, training sessions have been held for the Ministry of Agriculture and the technical team responsible for developing the LFFS Regulations. Training addressed the use of the media, and resulted in the design for the activities and methodologies which would be used to consolidate contributions and suggestions for the regulations.

### **1.1.2. National Forestry Policy**

The National Forestry Policy (PNF) was published on August 14, 2013, with support provided by the Project to the DGFFS in the development of the policy and its validation with authorities, civil society, and native communities in 11 regions throughout the nation. The Project also supported the development of the proposal for a Presidential Decree and the Statement of Intent which gives grounds for its approval and which specifically expresses its sensitivity to gender considerations.

The PNF is an instrument designed to provide guidance and long-term perspective to the governance of forestry and wildlife in Peru. Its general objective is to contribute to the country's sustainable development through an adequate management of its forest and wildlife wealth to guarantee its sustainable exploitation in the provision of goods and services. It has four specific objectives: i) guarantee an institutional framework which will ensure ecologically sustainable forest governance, ii) ensure the conservation and sustainable exploitation of the country's forests, iii) encourage competitive enterprises, both nationally and internationally, and iv) strengthen and promote forest management in native communities and other settlements.

### **1.1.3. Norms to Promote Forestry Exploitation**

Outstanding debts owed by forestry licensees to the Peruvian government limit the exploitation of the forest, since the operations of licensees are stopped until payments are made. These debts are caused by multiple reasons, some of which can be attributed to the enterprises, while others are caused by the State itself. The latter occurs when forest authorities, due to work overload, do not provide timely approval to the licensee's annual operational plans, or when they do not act quickly when illegal harvesting of trees is

reported. This causes delays in payments or even leads to non-payment, for licensees cannot pay for resources they have not used.

In this context, and by request of the DGFFS, Peru Bosques developed three proposals for legislation aimed at expediting said payments. The proposals are still being reviewed and are pending approval by the Ministry of Agriculture and the Council of Ministers:

- Proposal for a Ministerial Resolution establishing the guidelines and grounds for recalculating the debt for the rights of use of forestry licensees.
- Proposal for a Ministerial Resolution permitting forestry authorities to allow an unused balance of an annual operation plan of forest resource use to be transferred to the following year
- Proposal for a Presidential Decree which will extend the validity of the general forest management plans which are about to reach their five-year term.

#### **1.1.4. National Forestry and Wildlife Service**

The new LFFS established the creation of the National Forestry and Wildlife Service (SERFOR), which is to absorb the DGFFS, thus becoming the governing body in forestry issues and responsible for establishing regulations and procedures in the sector. SERFOR will enjoy higher hierarchical standing than the DGFFS, which will allow it to interact with higher-level state institutions, thus resulting in improved coordination and legislation enforcement.

For its proper operation, SERFOR requires different institutional governance tools; Peru Bosques supported the development of its Organizational Regulations and Functions (ROF), approved on July 18, 2013, representing an important milestone in the establishment of this new institution. In addition, by request of the General Secretary of the Ministry of Agriculture and Irrigation (MINAGRI), the project developed the Administrative Procedures Manual (TUPA) and updated the Staffing Chart (CAP), which have been formally approved by the SERFOR Board of Directors. We expect them to be published during the next quarter.

As evidence of how well the Project's institutional support activities have been received, the representative of the MINAGRI expressed formal interest in using the Institutional Abilities Index to the SERFOR Board of Directors. This tool, developed by Peru Bosques, measures institutional performance. MINAGRI is interested in using this tool to measure the new Institution's performance from the starting point, so as to have a base line with which to compare progress against annual advances of the Index.

In the future, the Project will support its implementation through:

- Consulting on the merger with the DGFFS in administrative and operational systems.
- Execution of governance tools.
- Identifying SERFOR's human resources needs.
- Development of the Organizations and Functions Manual (MOF).
- Plan and strategy for administrative simplification.

### **1.1.5. Support to the DGFFS in Setting up the National Forestry and Wildlife Information System Control Module**

The National Forestry and Wildlife Information System Control Module (SNIFFS-MC) is a mechanism designed to verify the legal origin of lumber throughout the transformation and commercialization chains, from forest extraction to exportation. Peru Bosques prioritized its implementation by setting up the working prototype model, purchasing equipment, providing sustainable legal and financial models, and contracting a firm to develop the software that handles the information.

Developing projects for the National Public Investment System (SNIP) is a financially sustainable model; therefore the Project developed the “Implementation of the National Forestry and Wildlife Information System Control Module” SNIP Project (for 45,918,727 soles), and submitted it to the Investment Planning Office of the MINAGRI for evaluation. This Office made minor comments which have been submitted to the DGFFS for evaluation and resubmission of the project to the OPI. In addition, Peru Bosques prepared a mechanism for legal sustainability of the SNIFFS-MC; this proposal focuses on improving the working conditions of the staff that will be in charge of the SNIFFS-MC at a national level.

The prototype of the SNIFFS-MC is currently operating; its design was validated in three national meetings attended by the future operators of the system, who used it and made recommendations for its improvement. In the same manner, 76 officials from the regional governments of Ucayali, Huánuco, Lima, Junín, and Lambayeque received training on the system’s operation. In addition, we concluded the uploading real data into the prototype’s data base for 413 Annual Operational Plans (POA) from the regions of San Martín, Loreto, Ucayali and Madre de Dios. This will allow for the development of true reports with which to analyze the system’s reliability and fine-tune its operation.

In addition, the Project supported the installation of the prototype in 53 control centers throughout the routes used to transport the lumber from the forest to the transformation and commercialization centers. All of these actions signal the system’s effective start-up; these trials will allow the system to be fine-tuned in order to finalize the design of the definitive SNIFFS-MC. Lastly, Peru Bosques has begun coordinating with USAID, PFSI, and DGFFS to develop the scope of work which will allow the Project to contract a firm to design the software for the SNIFFS-MC.

### **1.1.6. Support to Strengthen OSINFOR’s Institutional Abilities**

Peru Bosques has worked with the Forestry Resource and Wildlife Oversight Agency (OSINFOR) in four areas:

*Forest Tribunal Regulations.* The Forest and Wildlife Tribunal is the body responsible for solving the legal appeals made by forestry stakeholders in response to OSINFOR’s resolutions. This Tribunal, brought into existence by the same law that created OSINFOR, has not been established for lack of regulations and appointment of its members. At OSINFOR’s request, Peru Bosques developed the following activities:

- A project for the Internal Regulations of the Forest and Wildlife Tribunal;
- A project for an Executive Resolution approving the Regulations by the President of OSINFOR;

- An Annex which includes all of the applicable legislation to aid the process of establishing the legality so as to promote efficient decision-making;
- A project for a Presidential Decree instituting alternate Tribunal board members in order to guarantee its continual operation in cases where one or more of its members are absent due to causes established in Law 27444 of the General Administrative Procedure Law;
- A Statement of Intent containing the general grounds for the Presidential Decree project, a cost-benefit analysis, and an analysis of the impact the Tribunal will have on national legislation.

All of these activities contribute towards formally establishing and starting-up this body, which will complete the forestry supervision system and will allow the forestry stakeholder to exercise his or her right of appeal.

*Five-Year Auditing Manual.* A five-year audit carried out by OSINFOR provides verification that forest licensees are fulfilling their requirements. The instrument produces a report which, if negative, can be used to sanction licensees for non-compliance with regulations, as the report is a means of legal proof. The manual developed by Peru Bosques focuses on several key aspects that will constitute the auditing report as a legal means of proof and that will allow for efficient development of reports. This document has been submitted to OSINFOR's President for approval.

*Training on Legal Issues.* Peru Bosques supported OSINFOR with two training modules as part of the OSINFOR Course: "Prosecutors Specialized in Environmental Issues," held in Jenaro Herrera, Loreto, from April 29 to May 1, 2013. The modules taught by the Project were: "Forest Crimes: the Four Main Issues" and "General Theory of Proof, OSINFOR's Monitoring, and the Principle of Imputation Needed for the Fulfillment of the Law." These courses will contribute to improving the skills of those professionals responsible for overseeing the fulfillment of the law and to curtailing illegal tree-harvesting.

*Course on Field and Laboratory Techniques for the Extraction and Processing of Forest DNA.* In joint work with the IIAP and OSINFOR, the Project helped carry out this course, training more than 90 OSINFOR staff members, IIAP researchers, officials from the regional government of the Amazon, and university professors from the College of Forest Engineering. The course was taught by IIAP staff from the Sao Paulo Forestry Institute (Brazil) and the Thünen Forestry Genetics Institute (Germany). The field work for the collection of samples was carried out at the Jenaro Herrera Research Center, and the DNA analyses were conducted at the Biotechnology Laboratory, both of these belonging to the IIAP in Iquitos. This activity marks the beginning of the construction of a genetic base line which will be used to combat illegal extraction and commercialization of lumber, as it will allow the lumber's DNA to be traced.

## **1.2. Regional Approach**

Two important Directives were developed in Ucayali and were approved by the Regional President through an Executive Resolution. The first one empowers the DEFFS to implement the "Updating and Use of New Methodology for the Classification of Lumber Licenses, Authorizations, Permissions and Forestry Resource Management Contracts," and the second one "Application of the Request of the Quantity Surveying Catalogue for the Granting of Forestry Product Transport and Internal Transportation of Round Wood for Primary Transformation Activities within the Ucayali Region." In order to consolidate the implementation of these two directives, Peru Bosques has begun coordinating with the DEFFS to define a strategy.

## 1.2.1 Regional Environmental Authorities

### Ucayali

Peru Bosques supported the Interregional Amazonian Council (CIAM), the Peru Forest Sector Initiative (PFSI) and the Regional Government of Ucayali (GOREU) in the creation of the Ucayali Regional Environmental Agency (ARAU), which was established on February 4, 2013. It is the first government institution in the sector which has expressed its commitment to mainstreaming gender consideration and women's inclusion.

To help ARAU begin its operations, Peru Bosques provided support to develop its governance tools (ROF, MOF, CAP, PAP<sup>1</sup> and TUPA). The governance tools were developed with suggestions from different areas, offices, directors and assistant directors which will contribute to the ARAU's new structure. These tools have been validated by the Minister of the Environment (MINAM), the MINAGRI, the CIAM and the Regional Technical team responsible for ARAU. Therefore, we expect approval in the next quarter.

In addition, Peru Bosques submitted the preliminary version of a project to the Investment Planning office (OPI): "Improvement of the Services Offered by ARAU through an Institutional Strengthening and Implementation System in the Ucayali Region," a SNIP project which will strengthen the institution in the performance of its new functions and in the development of its institutional abilities and will provide for the acquisition of equipment and materials for ARAU.

### Madre de Dios

To support the creation of the Madre de Dios Regional Authority (ARA-MDD), Peru Bosques offered an informative session to the Regional Government of Madre de Dios (GOREMAD) in which the scope of the ARA-MDD was presented in the framework of modernizing the Peruvian State. The Project also provided technical assistance for the design and development of legislation to give grounds to the creation of the ARA-MDD, including a technical file proposal which will be submitted to the Regional Council for its revision and approval during the next quarter. In addition, the Project offered legal and technical support in the development of a proposal for the guidelines and indicators to be used in the Regional Environmental Policy, which will be a key instrument to design the objectives of this new governing body.

In addition, Peru Bosques supported the Regional Government of Madre de Dios in setting up the Regional Work Team (GTR-MDD), made up of public officials, which will develop the proposal for the creation and implementation of the ARA-MDD, and the Technical Support Group (GTA-MDD), which will be part of the Regional Environmental Commission (CAR). The latter is integrated by international cooperation agencies which will produce tools, technical proposals, and administrative and legal foundations for issues such as: Structure of the Madre de Dios Regional Environmental Policy (transversal objectives and management indicators), services and functions. Lastly, Peru Bosques began developing proposals for ARA-MDD's governance tools, including the ROF, MOF, CAP, PAP and TUPA. It's important to point out that the Project is promoting this process to take place by encouraging

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<sup>1</sup> PAP: Staff Analytical Budget (*Presupuesto Analítico de Personal*)

participation and joint work among the institutions of the regional government and the regional and national technical cooperation agencies.

### **1.2.2. Plans to Develop Institutional Abilities of the Regional Forestry Authorities in Loreto, Ucayali and Madre de Dios**

Capacity Building Plans (PDC) are tools which guide the process of developing abilities in the regional government officials and public servants. Taking into consideration the different roles which they must fulfill, the PDCs provide an induction, training and updating program which addresses the skills and abilities required by each government official and public servant, including transversal issues and specialized needs. PDCs must help increase the skills and abilities required to be more efficient in carrying out the functions and responsibilities that each office holds.

The following Regional Ability Development Plans have been developed:

- Forestry and Wildlife Management Program (PRMRFFS). *Approved by the regional government.*
- Program for the Conservation, Management, and Sustainable Use of Biological Diversity in the Loreto Region. *Submitted, pending approval by the regional government.*
- Management of Natural Resources and the Madre de Dios Executive Directory for Forestry and Wildlife. *Developed, pending submission to the regional government.*
- Management of Natural Resources and the Ucayali Executive Directory for Forestry and Wildlife. *Submitted, pending approval by the regional government.*

During the coming months, Peru Bosques will begin implementing the plans as they are approved, through the induction program consisting of a set of basic thematic modules on environmental and forest policies, administrative simplification, ethics and public transparency, and other issues related to the governing body's administrative and operational systems. The main purpose is to provide basic concepts linked to the proper functioning of the forestry authorities, the regional government, and the Peruvian State in general.

### **1.2.3. Expanding Public Investment in Environmental Management**

The National Public Investment System (SNIP) was established to generate more efficiency in the process of obtaining funding from the National Government for subnational governments in Peru's regional framework. The phases which must be followed to obtain approval for a SNIP Project are presented in Annex II.

Taking into consideration that the expenditures of the State are mainly devoted to infrastructure, the SNIP was structured in such a way that goals and indicators for projects are based on tangible assets. Therefore, the system operators need to improve their knowledge and skills in the formulation and assessment of environmental projects. This is evidenced by how few of these projects have been approved at a national level.

In response to this, Peru Bosques structured a three-front plan to facilitate the provision of government funding: i) training on the SNIP framework for regional government professionals working in environmental areas to address real needs; ii) training to Project Evaluators, especially those of the OPI, aimed at changing the focus of their analysis to include intangible environmental services and assets; iii)

work with consultants who develop these projects to ensure that real needs are addressed, that the projects are presented in a language which the Project Evaluators will understand, and that follow-up is given to respond to any suggestions made to the presented projects.

This support has led to the approval of two requests for funding, for over S/.11 thousand. One for the Regional Government of Loreto, aimed at improving control of the exploitation of natural resources, and the other one for the Ucayali Regional Government, aimed at improving exploitation of resources in a biologically important area, the El Sira Community Reserve. Peru Bosques is also working to help other projects get approval, for a total of over S./133 thousand. Greater detail on these projects are presented in Annex III.

The work done by Peru Bosques in this area has helped the Project fulfill 57% of the goal established in Indicator 4: *Amount of investment leveraged in US dollars from public and private sources for natural resource management and/or biodiversity conservation as a result of Project support in Madre de Dios and Loreto.*

#### **1.2.4. Forest and Biodiversity Management**

##### **Loreto**

*Facilitating Access to Information to Promote Transparency in Loreto.* After setting up the website for the Regional Forestry and Wildlife Management Program (PRMRFFS), as well as designing, printing and distributing 1,000 pamphlets in all of the provinces of Loreto, Peru Bosques has developed the protocol and filing guide for the documentary archive, which will generate more efficiency in the process of making information available to users. The protocol is being revised by the corresponding authorities.

Fifteen PRMRFFS officials were trained in handling files and implementing the protocol. This will allow proper handling of the new documentation which is being produced and proper organizing of documents from previous years. Lastly, as part of the process to strengthen the PRMRFFS in undertaking this activity, the Project supported the training of a staff member, allowing her to take a course on Organizing and Managing Files and Documents in Lima.

*Loreto Regional Strategy for Biological Diversity 2013-2018 (ERDB).* Peru Bosques carried out a diagnosis of the strategy from the previous period, on the base of which the new work plan, road map and conceptual materials were prepared, following national guidelines and in coordination with the Loreto Regional Environmental Commission (CAR) and the MINAM. The Project also supported the participation of GOREL officials in the 2<sup>nd</sup> Regional Workshop aimed at updating the National Biological Diversity Strategy and Work Plan. With Project support, 19 members of the Loreto CAR were trained by MINAM in the design of indicators for the development of Biological Diversity Strategies. In the near future, seven workshops will be held to gather information and produce the first draft of the 2014-2018 ERDB and Work Plan.

*Forest and Wildlife Diagnosis and Strategic Plan.* Peru Bosques supported the development of the Loreto Forest and Wildlife Diagnosis and Strategic Plan, which was submitted to the PRMRFFS for revision.

These documents were prepared in joint work with CAR Loreto and through two workshops in which private and public stakeholders from the Loreto forest sector expressed their agreement with the content of the documents. The workshops were attended by licensee organizations, manufacturers, scholars, NGOs and institutions such as OSINFOR, the IIAP, the Ombudsman's Office, Loreto's GRRNNyGMA, the Program for the Conservation, Management, and Sustainable Use of Biological Diversity in Loreto Region (PROCREL), and the Regional Agrarian Directorate of Loreto.

The diagnosis includes an analysis of the current forest and wildlife situation, legislation and national forestry policies, sustainable and integral forest management, control mechanisms, modes of exploitation, forest and industrial transformation processes, real and potential demand for timber and non-timber products, market niches, and commercialization systems related to the forestry sector. On the other hand, the Strategic Plan addresses guidelines for the management of these forest resources. The PRMRFFS is still conducting the final revision of both documents, after which the Project will submit a proposal for a Directorial Resolution approving the Strategic Forestry Plan.

## **Ucayali**

*Diagnosis of Forest Licensees in Ucayali.* The Project developed the diagnosis, which is still being revised and will be submitted to the Ucayali Regional Forest Authority during the next quarter. The development of the document took longer than expected due to difficulties in obtaining official information.

*Current Situation of Small Logging Entrepreneurs in the Coronel Portillo Province, Ucayali.* Peru Bosques is conducting an analysis after defining the technical guidelines which were used to gather information on the means by which small informal loggers are obtaining access to forest products, how they transform the resources, what kind of labor they are using, and what forest species the small informal loggers are exploiting. In addition, the Project surveyed 78 small logging entrepreneur, 48 haulers, and 62 processing centers for chain-sawed lumber. We expect the analysis to be concluded during the next quarter.

## **Madre de Dios**

*Improvement in Technical and Administrative Abilities of the General Directorate for Forestry and Wildlife.* Responding to a request made by the Madre de Dios General Directorate for Forestry and Wildlife (DRFFS), Peru Bosques developed a plan to improve the technical and administrative abilities in how to respond to applications from forestry stakeholders and in how to design more efficient and regularized processes.

This activity included technical assistance which generated 1,262 new technical and administrative tools for forest resource management: 802 technical reports, and 460 resolutions. Based on this experience, technical and administrative suggestions were made on how to improve the process of responding to requests for approval of Annual Operational Plans and General Forestry Management Plans for timber and non-timber forest products, especially chestnut. These suggestions will provide the foundation for the proposal document which will be submitted to ARA-MDD.



*Regional Strategy for Biological Diversity 2014-2021*. Peru Bosques offered legal and technical assistance to develop the conceptual model necessary to update this document, based on recognizing and establishing a Technical Group responsible for updating and implementing the strategy as part of the Madre de Dios CAR.

### **1.3. Interculturalism and Gender**

#### **1.3.1. ORAU Forestry Community Oversight Committee**

The main objective of the subcontract signed between Peru Bosques and the Forestry Community Oversight Committee is the strengthening of the technical and administrative skills of the institution and its member native communities through direct technical assistance and training courses. Thus, the Forestry Community Oversight Committee is involved in a series of activities which are directly relevant to community forest management: dissemination of the Forestry and Wildlife Law and participation in the regulations process; development of the Master Plan for the Imiría Regional Conservation Area; conflict resolution in the Mariscal Cáceres native community in Aguaytía; participation in OSINFOR's supervisions of native communities; and participation in the training courses offered by OSINFOR, such as the one held in Aguaytía on the guidelines used in community supervision.

One of the most important results from this collaboration was the development of six field guides addressing native communities and the overseers in particular. These guides offer immediate technical assistance which the overseers can turn to when doubts arise, as well as providing material they can use to train others. The topics included in the guides are listed below.:

- Organization for forest management in community territories.
- Procedures for community control and safeguarding.
- Relationships between communities and forest enterprises.
- Mechanisms to solve conflicts among native communities.
- Orientation for the Forest Community Overseer and the Indigenous Organization Forest Overseer.
- Techniques to manage participative processes in native communities.

The training of overseers is summarized in the tables below:

<b>N°</b>	<b>Indigenous Group</b>	<b>Men</b>	<b>Women</b>	<b>Total</b>
1	Shipibo-Conibo	18	1	<b>19</b>
2	Cacataibo	5	0	<b>5</b>
3	Ashaninka	2	2	<b>3</b>
4	Cocama	2	0	<b>2</b>
	<b>Total</b>	<b>27</b>	<b>3</b>	<b>30</b>

Training of the indigenous population in forest management conducted by the overseers:

District	Organization	Native Community	Indigenous Group	Men	Women	Total
Padre Abad	FENACOCA	Sinchi Roca	Cacataibo	21	5	26
		Santa Rosa	Shipibo-Conibo	26	10	36
		Mariscal Caceres	Cacataibo	17	10	27
		Yamino	Cacataibo	11	6	17
Iparia	FECONADIP	Dos de Mayo	Shipibo-Conibo	11	18	29
		Sharara	Cocama	10	16	26
		Colonia Caco	Shipibo-Conibo	38	24	62
			Awajun Asheninka	1	0	1
		Caco Macaya	Shipibo-Conibo	21	41	62
		Curiaca Caco	Shipibo-Conibo	16	26	42
Tahuania	ORDECONADIT	Pueblo Nuevo de Caco	Shipibo-Conibo	7	11	18
		Shahuaya	Shipibo-Conibo	15	14	29
		Bajo Aruya	Asheninka	13	7	20
		Fernando Sthall	Shipibo-Conibo	11	7	18
Padre Marquez	FECONBU	Nuevo Paraiso	Asheninka	17	8	25
		Paoyhan	Shipibo-Conibo	14	26	40
Calleria	FECONAU	Alfonso Ugarte	Shipibo-Conibo	14	12	26
		Nuevo Saposoa	Shipibo-Conibo	17	23	40
		Patria Nueva	Shipibo-Conibo	13	12	25
		Calleria	Shipibo-Conibo	20	13	33
Total		Chachibai	Shipibo-Conibo	4	8	12
				<b>318</b>	<b>297</b>	<b>615</b>

With support from the Project, ORAU has set up two secondary venues of the Forestry Community Oversight Committee in Aguaytía and Iparía, which have been provided with a GPS, printer, computer, camera, and technical manuals to assist them in improving forest management in native communities, with a view to preventing illegal felling of trees through better auditing of forest resources. Action manuals were provided to assist them in conflict resolutions. These venues are located in the Federation of Native Communities of Cacataibo (FENACOCA) and in the Iparía Municipal District, by agreement with Federation of Native Communities of the Iparía District (FECONADIP). The technical assistance provided to these communities is detailed below:

Native Community	Activity
Flor de Ucayali	Technical assistance on the process of supervising fulfillment of obligations established in resource management plans.
Imiría	Revision of the consultation process to develop the Master Plan of the Imiría ACR; the proposal meets the minimum requirements established by the regulations of the Consultation Law
Mariscal Cáceres	Support to enroll the Native Community's Board of Directors in the Pucallpa Public Registries.
Mariscal Cáceres	Coordination with OSINFOR to supervise the native community.
Sol del Oriente	Support for a coexistence agreement with the Aquamar firm.
Sharara, and 23 de septiembre hamlet	Consulting on internal conflicts between the native community and a nearby hamlet.
Santa Rosa	Orientation on denouncing illegal harvesting of trees
Dulce Gloria	Orientation on renewing forestry permit
Nuevo Rosario	Inspection on missing lumber seized by the DEFFS
Mariscal Cáceres	Orientation aimed at improving business negotiations with a lumber entrepreneur, Antonio Merino Shaus.
Mariscal Cáceres	Support in negotiating a contract and prices with a lumber entrepreneur.
Sinchi Roca	Technical assistance to the Community Oversight and monitoring Committee in fair negotiations, procedures to apply for a forest permit, conflict resolutions, and procedures to estimate volumes of logs and sawed lumber.
Parantari	Support in negotiation to void contract with entrepreneur Edwin Casafranca.
Paoyhán	Support in negotiation to renew contract with the CAWSAC firm
Nueva Unión	Support in denouncing illegal harvesting, seizure, and custody of over 100,000 pieces of round wood.

### 1.3.2. Informing Native Communities on the Process of Developing LFFS Regulations

Under the leadership of the Ucayali DEFFS, Peru Bosques offered technical and logistical support to carry out a training workshop, held in Puerto Esperanza, Purús, for representatives from indigenous communities in the Purús Province on the scope and contents of the LFFS. Prior to these meetings, the Project held a session with female indigenous leaders with the purpose of improving active participation of female natives during the workshop. This previous exposition sought to fill necessary knowledge gaps. Fifty-seven persons attended the central workshop, 54 of whom hailed from seven indigenous groups: Amahuaca, Ashaninka, Culina, Junikuin, Mastanahua, Sharanahua and Yine.

### 1.3.3. Institutional Strengthening of CONAP

Peru Bosques supported CONAP in the development of a project presented to USAID in the Development Assistance Fund framework, which seeks to increase sales of commercialized lumber in native communities through training on forest and business management. USAID is currently evaluating the project. In addition, in response to a USAID request, Peru Bosques is coordinating an activity with CONAP aimed at improving its participation and that of its member native communities in the LFFS Regulation process.

### 1.3.4. Process of developing the Master Plan for the Imiría Regional Conservation Area and the El Sira Community Reserve

Master Plans are management tools of the highest order designed for protected areas. The Master Plans which are being developed with Project support incorporate an intercultural approach in their vision and mission, including using native knowledge in terms of planning, naming of species and places, and customs and traditions. In addition, in activities aimed at gathering information and communicating messages, Peru Bosques is using interpreters and native promoters and facilitators.

#### **1.3.5. Gender Approach**

Gender considerations have been mainstreamed into all Project activities, with two main focused on training and programming. In this way, specific actions have been taken, such as incorporating the gender approach in the procedure and action manuals for the ORAU Forestry Community Oversight Committee. These manuals include practices to increase female participation in workshop summons, contents, and teaching strategies.

Peru Bosques supported highlighting participation of women in the forest and environmental sectors by promoting the participation of Lidia Rengifo and Liz Tutusima, Project beneficiaries and regional leaders, in the 10<sup>th</sup> Decoration for Female Merit, granted annually during the Women's Day Event organized by the Ministry of Women and Vulnerable Populations. In addition, a gender approach was included in the creation of the Ucayali Regional Environmental Authority, incorporated into the final version of the ROF and in specific functions established in the MOF and CAP. This office is the first to incorporate these issues into its governance tools.

In the development of the Master Plans for the Imiría Regional Conservation Area and the El Sira Community Reserve, their vision and mission were drafted to include sensitivity towards gender consideration and women's inclusion, and the plans call for activities that are aimed at guaranteeing the participation of women in the information-gathering processes for the design and implementation processes of the Master Plans. Lastly, the Project has promoted women's participation in the International Quality Management Program, in which 30% of the participants are female.

## SECTION II: FORESTRY MANAGEMENT AND BIODIVERSITY CONSERVATION

The Project's approach to this component has changed, placing greater emphasis on direct technical assistance and on business concepts based on improved managerial and operational efficiency practices. One of the key points in improved forestry management is the integration of inventory flow charts to financial efficiency and sustainable management. In this framework, Peru Bosques has provided technical assistance through new forest surveying methods, infrastructure planning to include curves on roads, mapping systems for logging areas in high conservation value forests, and development of quality protocols. In this way, during this year the Project was able to achieve 10% (over 120,334 hectares) of the goal established in *Indicator 5: Number of hectares under improved natural resource management as a result of Project support*. Added to last year's progress, progress stands at 38%, or 450,946 hectares.

In the case of improving management of biologically important areas, the Project has worked both nationally and regionally on general systems and specific protected areas. This leads to more sustainable results in actions since it involves an integral intervention in different levels.

During this year, the Project achieved 33% (or 49,555 hectares) of the goal stated in *Indicator 11: Number of hectares of biological importance under improved management as a result of Project support*. The Project provided management instruments to licensees in conservation areas, without which they simply could not operate. Significantly greater progress in this indicator is expected as a result of the Project's work in long-term processes such as the development of Master Plans, which are expected to be concluded in the next six months.

Great progress has also been made towards achieving the objectives set forth in *Indicator 12: Number of management tools designed for the sustainable management of natural resources and biodiversity conservation that were officially proposed, adopted or implemented as a result of Project support*. 70% of the goal was completed during this year, which points to improvement in the manner in which these tools are designed and implemented, thereby increasing the performance of forest licensees.

### 2.1. Forestry Management

Improved forest management involves ensuring and accrediting that the management of license holders and their corresponding intervention on the managed area occurs in the framework of high quality standards for the market and improvement of the licensee's traditional management practices in light of nationally and internationally recognized sustainable management practices, while at the same time creating a competitive business platform. The Project's new approach is to use its own staff members to carry out technical assistance activities, thus placing greater focus on improving efficiency in the most important stages of forest exploitation.

Therefore, work towards improving forest management has been defined through the following actions: preparing training and planning materials; training councils; on-site technical assistance; work reports and follow-up. These activities are developed in each of the key areas of forest exploitation, such as Progress Monitoring Plan base lines, focus on basin areas, wildlife management, labor issues, planning of annual lot felling, product flow management, and design of quality protocols.

One of the strong points of the Project's intervention is the development of intelligent maps loaded onto the GPS which incorporate information on the location of trees in the forest and surrounding areas, which allow for activities to be guided in a dynamic and interactive way during the exploitation phase. This represents the ideal way in which to make quick decisions in the forest itself so as to minimize damages to the ecosystem and improve work efficiency.

## **Loreto**

At the beginning of the year the Project worked in improving the *Green Gold Forestry* primary transformation plant in three areas: identifying key transformation steps in which yields must be improved, defining the methods to improve transformation efficiency, and train laborers to properly carry out these improvements in the short and long-terms. As a result of Project support, the firm improved its sawing efficiency for six species by 25% after 10 months.

The Project also developed a theoretical-practical course aimed at the *Maderera Zapote* firm's technical staff; nine staff members were trained in planning and implementing new forest surveying methods, optimizing GPS use, advance use of information systems, correct identification of forest species, and organizing field staff. In addition, the Project is developing two quality protocols in forest surveying and identification of forest species, which will contribute towards optimizing the work done by staff members by increasing efficiency and minimizing costs, thereby contributing towards sustainable use of forest resources.

In like manner, Peru Bosques worked with the Green Gold Forestry firm to provide training to the technical team in methods to identify forest species on-site and to plan field work by developing intelligent maps which facilitate the determination of inventory methodology. In the next quarter, the Project foresees training the technical staff on the use of global positioning tools applied to forest operations and subsequently working on inventory and developing a General Forest Management Plan.

On the other hand, the Project has lent support in the design and training aimed at implementing inventory flow charts in the Imaza firm; this will allow the firm to handle the intensity of forest exploitation and will also be a means through which to trace the legal origin of its raw materials. Inventory flow charts are handled through a Microsoft Access automatized application which is easy to develop, handle, and maintain. The flow charts take into consideration the different stages of lumber exploitation (surveying, felling, dragging and hauling) through forms used to upload information in an orderly manner. This will allow the information to be systematized and will lead to efficient production control in each of the stages by producing managerial and operational reports which will contribute towards better decision-making.

Lastly, the Project is working with PROCREL to implement forest management in the Salvador Pava and Puca Urco communities, based on the diagnosis of forest potential which was carried out by Peru Bosques. Currently, the Project is starting to coordinate and plan field work in the areas of inventory and forest surveying, which will contribute to the development of the General Forest Management Plan and the Annual Operational Plan.

## **Ucayali**

The experience of implementing improved forest management is passed on to other firms, capitalizing on wise previous decisions and improving practices when necessary. Peru Bosques offered such technical support to two firms: *Aserradero Nueva Requena* (19,458 hectares) and *Alexander von Humboldt Forest* (1,559 hectares). The support activity includes improving custody chains and implementing the custody manuals, which cover the whole process, from the tree to the dispatch of trunks. The Project has also supported the improvement of inventory flow charts, the development of the POA, the Annual Logging Area (PCA) survey, the implementation of reduced impact techniques, the development and use of intelligent maps, the planning of inventories, and the training of technical staff. In addition, the Project has selected five additional firms to support with technical assistance on improved forest practices: *Eco Forestal Tamaya*, *Forestal Gil*, *Forestal Pucallpa Export*, *Maderas Peruanas SAC* and *Project World Green Peru*.

## **Madre de Dios**

Peru Bosques offered technical support to the *Catahua* (52,869 hectares) and *Wood Tropical Forest* (46,448 hectares) firms in the development of their Annual Operational Plans, their biological base line, and their wildlife monitoring plans. More specifically, the Project supported *Wood Tropical Forest* through consulting on diverse possibilities for satellite imaging from which to generate base maps for the projection of forest operations. In the case of *Catahua*, the Project began strengthening their staff in issues involved with using and applying SIG programs, the MapEdit software, data base systems, and the process of on-site validation of forest management and exploitation, with the purpose of reducing their operation costs through improved efficiency. The Project also began lending assistance to the *Tawarí* firm.

In addition, the Project supported an inter-institutional agreement between two native communities, Bélgica and Maderacre, which makes them strategic partners by establishing a commercial, social, and environmentally responsible relationship.

## **2.2. Biodiversity, Protected Areas and Global Warming**

### **2.2.1. National Approach**

Peru Bosques supported the National Park Service (SERNANP) in the development of a web site aimed at increasing tourism in the protected areas (ANP), seeking to foster the conservation of forest biodiversity, ANPs, and other ecosystems. In addition, the web site will promote services offered by local inhabitants, thus generating business opportunities. The web site is linked to a hosting site paid by the GOP: [www.turismonaturaleza.pe](http://www.turismonaturaleza.pe)

### **2.2.2. Regional Approach**

#### **Loreto**

Peru Bosques developed the Plan for Utilizing the Tamshiyacu Tahuayo Regional Conservation Area for Tourism Activities, following the guidelines established in the Ministry of Foreign Trade and Tourism's Manual for Developing an Inventory of National Tourism Resources. The plan includes key issues such as a diagnosis of tourism activities, a map of touristic attractions, and an analysis of supply and demand.

We expect the plan to be approved in the following months and its inclusion in PROCREL's 2014 Annual Operational Plan.

Lastly, in response to a support request by PROCREL, Peru Bosques will analyze areas of need, including ability development, strategic planning, management monitoring system, financing system, and reference terms for joint activities with the ACRs (Threat Assessment, Master Plans, Conservation Objective Monitoring, Control and Safeguarding, Forest Management, etc.).

## **Ucayali**

Support to the SERNANP included setting up the Managing Committee for the El Sira Community Reserve and subcommittees in Bajo Ucayali, Alto Ucayali, and Gran Pajonal, as well as developing its regulations. In addition, the Project supported the renewal of the Board of Directors of the Implementing Agency of the Administrative Contract for El Sira Community Reserve and the preparation of its POA.

In addition, in joint work with the Ucayali GRRNNyGMA, the SERNANP, and the Managing Committee for the El Sira Community, the Project has reformulated the "Recovery of Conservation of Biodiversity Environmental Services in the Buffer Zones of the El Sira Community Reserve, Iparía District, Coronel Portillo Province, Ucayali" as a SNIP project. It has been declared feasible, with a budget of 9,791,383 soles, which will allow the area to continue to be managed without additional funding from Peru Bosques.

The Project has also started the process to update the Master Plan for the El Sira Community Reserve, lending technical and financial support to the Chief Office of the Reserve-SERNANP. The Project has created synergy with the German Society for International Cooperation (GIZ) and ECOSIRA, acting as co-managers of the Reserve Contract and the Reserve Management Committee. The Project has also started developing the Master Plan for the Imiría Regional Conservation Area by holding events in six native communities and nine villages to create awareness on the importance of the ACR, on the process of setting up the Management Committee, and on developing its statutes. Peru Bosques also developed a diagnosis of the conservation area and its zone of influence, which contains strategic objectives, mission, vision, and zoning considerations.

The Project lent technical support to the development of management plans of conservation licensees: *Amarcu* (24,983 hectares), *Setracompra Balbin* (10,917 hectares), and *Murosac* (13,655 hectares). The plans have been submitted to the proper authorities for their approval. The Project also produced a quick study of the REDD status in Ucayali, subcontracted to Winrock International; the study identifies certain needs for the implementation of an environmental service payment plan. The study also concludes that there is a need to improve the abilities of the Ucayali REDD Board to generate a critical mass of stakeholders in this area, design and implement a regional Carbon inventory, design ideas for REDD projects, set up a monitoring, verification and report pilot program, and coordinate the national and regional schemes with a diagnosis of opportunities in these issues.

Lastly, the Project developed four studies on the approval and registration of REDD projects, the stakeholders in REDD issues, initiatives and REDD projects, and the REDD-related Carbon market. This study provides a general outlook of the sector, which will serve as a guide for future activities.

## **Madre de Dios**



In the context of the creation of the Madre de Dios Regional Conservation System, the following documents were submitted to GOREMAD:

- Legal Report on the Capacity of Regional Governments to Approve the Madre de Dios Regional Conservation System.
- Summary of Observations made to the Technical File on the Madre de Dios Regional Conservation System.
- Regional Management Proposal Approving the Madre de Dios Regional Conservation System.
- Methodological Proposal for Identifying the Locations and Key Initiatives of the System.

In addition, the Project has generated a method to identify and prioritize conservation sites, which is being implemented in a participative manner. The method is based on: i) Establishing criteria, objects and values for conservation from a social, political, environmental, economic, and cultural perspective; ii) Regional mapping of sites and conservation initiatives; and iii) Assessment of prioritized sites, processes, and environmental services to establish conservation systems. It is also worth noting that in May 2013, the Regional Council decreed the creation of the Madre de Dios Regional System of Protected Natural Areas, which has a different approach than that of the Regional Conservation System. The Project will offer support to make both systems compatible, so that they are founded on the same logic that has been used with different stakeholders.

## SECTION III: ECONOMIC DEVELOPMENT

During this year, Peru Bosques has been developing the PSGC in Ucayali; four of the five modules which make up the structure of the program were implemented. Due to sustained participation and the implementation of consultancies offered to each participant, participating firms have reported progress in the improvement of their processes and administrative abilities; these results will be reported in four months, after they have been systematized and verified.

During this year, the 2013 ExpoAmazonica tradeshow was held in Iquitos. Peru Bosques supported the participation of three firms linked to sustainable development with the purpose of strengthening their entrepreneurial skills and expanding their future commercial relationships. The entrepreneurs selected for this activity expressed their satisfaction with the support lent by the Project and with the experience they gained at the event in matters such as product presentation, business discourse, and logistics.

During this year Peru Bosques achieved US \$461,957 in progress toward reaching the targets for *Indicator 7: Amount of increased sales of goods and services produced by MSMEs or communities as a result of Project support*. This progress was achieved as a result of support activities offered to forest firms. Greater progress was made this year in comparison with last year because the firms have consolidated the entrepreneurial practices which the Project supported during the previous year.

### 3.1. Support to Firms Participating in ExpoAmazonica 2013

ExpoAmazonica 2013 took place in the city of Iquitos from August 10 to 13. Peru Bosques supported the participation of three firms: *Tejedo Arts* (Loreto), the INCAP (Madre de Dios) and *Pro Mujer Oriente* (Ucayali). Support consisted of renting the stands, providing the setting and necessary means for exhibition, providing transportation for the firm and its products, designing and printing marketing materials, and 24-hour coordinating of stand safety. In addition, visitors received information on Project activities.

As a result, participating firms not only made sales for US\$3,641 during the event, but also established sales commitments for US\$30,000, allowing the firms to improve their sales projections for the current year. Participating entrepreneurs expressed their satisfaction with the support they received from the Project, the conditions the Project offered for the execution of their duties during the event, and especially the experience they gained by participating in this kind of event.

#### Loreto

*Improving Marketing Management of Tejedo Art's.* Peru Bosques supported Tejedo Art's with a market study, development of its website, training on the use of the website, and the development of three manuals: Installation and Configuration Manual, User Manual, and Web Access Manual. In addition, the Project offered support to allow the firm to participate in the International Peru Gift Show, the Hand Made Fair, and ExpoAmazonica 2013. This support allowed the firm to make sales for \$42,317. Lastly, Peru Bosques facilitated coordination among Tejedo Arts, Greenwood, and PaTS to improve their products and their commercialization. Through these activities, the Project has been developing a proposal aimed at establishing cooperation mechanisms among small forest producers like Tejedo Arts both at the technical-productive and new market establishment levels.

*Improving Transformation Processes at Green Gold Forestry (GGF)* With this firm, Peru Bosques carried out an analysis and made proposals to improve industrial sawing processes in three main areas: i) identifying key areas in the industrial process which could be improved; ii) methods to implement improvements in said processes; and iii) training staff responsible for said processes in implementing the defined short-term and long-term improvements. As a result of the technical assistance the Project provided to GGF in 2012 to improve the transformation and wood-drying processes, the firm registered increases in sales for \$417,822.74. These additional sales are a result of the increase in production arising from improvements in the sawing of hard woods. In the near future, the Project hopes to replicate this success with other forest industries, as this shows that few improvements can lead to great changes.

## **Ucayali**

*International Quality Management Program (PSGC).* In the month of March, Peru Bosques and GOREU launched the International Quality Management Program in the city of Pucallpa. This program was designed by PRODUCE, with Belgian assistance, and was based on an initiative by the Brazilian Support Service for MSMEs (SEBRAE). The PSGC has been carried out in other parts of Peru, but this is the first time it took place in the Amazon with an emphasis on small forest enterprises. In a six-month period, the firms will receive: (i) 98 hours of group training; (ii) 22 hours of individual consulting for each firm; and (iii) orientation on applying PSGC recommendations.

Four of the five modules which make up the program have been completed; these modules focus on introductory issues such as the foundations for business excellence, changes towards business excellence, adequate quality management leading to excellence, excellence in management, and the five “Ss” for SMEs (which is a tool aimed at improving a firm’s management and generating efficient associations which will please customers, suppliers, firms, partners, and collaborators), standardizing procedures, and continual improvement. In the development and implementation of the PSGC, the Project has included *CITE Indígena* and *Pro Mujer Oriente*, which work directly with native communities in the Ucayali region, the former on sustainable use of lumber and both on adding value to native handicrafts.

The response by entrepreneurs and public officials has been positive, both in their interest to continue attending the training sessions and also in their desire to implement newly-acquired knowledge in their daily work. Peru Bosques has started evaluating the first signs of progress in the management indicators of participating firms. Participants in the Ucayali PSGC have already observed savings and improved efficiency in the management of resources; these areas of progress will be complemented with a set of improvements which participants must implement in their firms as training sessions are completed.

Lastly, this assessment of management indicators at participating firms will allow the Project to evaluate the impact of the Ucayali PSGC on the entrepreneurial sector. It will help improve implementation conditions for future programs in the Peruvian Amazon. The Project is systematizing results in order to present them in a report in the course of the next year.

## **Madre de Dios**

In Madre de Dios, Project activities focused on supporting INCAP’s participation in ExpoAmazonica 2013. INCAP is a firm dedicated to the final transformation of chestnuts. After receiving the Project’s consulting support, INCAP displayed sixteen varieties of products developed from chestnuts (Brazil nuts, *Bertholletia excelsa*) at the tradeshow. In addition, the Project supported the firm with printed materials

aimed at disseminating the properties of chestnuts and at promoting this enterprise. In order to prepare the INCAP for its participation in the tradeshow, the Project set up work meetings and carried out a program of activities that included constant consulting, both prior to the event and during the event. This support helped optimize the firm's participation and helped the firm capitalize on the experience in terms of making decisions to improve the firm's competitiveness and consolidate their business.

## **SECTION V: OPPORTUNITIES, CHALLENGES, BEST PRACTICES AND PRIORITIES**

### **5.1. Opportunities**

- Replicate ARAU's experience in the process of creating ARA-MDD to include gender consideration and women's inclusion in the institution's governance tools.
- The new focus of the Project on technical assistance has allowed us to identify business opportunities based on using left-over materials and finding commercial outlets for this raw material. Peru Bosques will offer support in analyzing the feasibility and viability of these opportunities.
- The promotion and training activities carried out by Peru Bosques to foster best practices with the aid of low-cost modern technology are generating willingness on the part of entrepreneurs and their staff members to modernize their processes and improve their administrative and operational efficiency at the forest level.
- Having a variety of SIG programs and free data bases which are used during the technical assistance activities carried out with our licensee clients has allowed us to deliver new techniques in forest management geared towards efficient use of forest resources.
- As a result of the Project training, train young indigenous university students as co-facilitators and having involved them in disseminating the forestry law, they could be included in the tasks of disseminating the Forestry and Wildlife Regulations and the consultation process.
- In general, there is a new tendency among public servants to include gender consideration and women's inclusion at an institutional level.
- For the development of SNIP projects, this time of the year has been favorable in terms of having projects declared feasible by officials of the regional governments; this is due to the fact that deadlines for presenting projects are drawing near, which means that they must be presented in order to obtain the required budget for the next year.
- In general, there is great willingness on the part of AIDESEP, CONAP and the DGFFS to coordinate activities within the realm of their interests, an opportunity which Peru Bosques is capitalizing on by planning future joint actions.
- One of the opportunities which was materialized during this quarter was the creation of the International Quality Management Program; its strong connection with the Ministry of Production and the GOREU present an opportunity to provide the Program with institutional sustainability.

### **5.2. Challenges**

- An important challenge is coordinating technical assistance activities with the operations of the licensees, which depend on the season of the year, the weather conditions, or the approval of their

management tools. Since an important part of our technical assistance is based on training and practical application, they must adapt to seasons and the activities that the firm needs to carry out at a given time.

- One of the main challenges in supporting the development of LFFS regulations has been that for diverse reasons the deadlines are continuously extended. The way in which Peru Bosques has tried to deal with this difficulty is by establishing a clear plan of the process with the DGFFS; although the deadlines can be extended, the Project has made an effort to protect the critical routes by establishing clear and fixed milestones.
- In general, there is little willingness and ability to keep information organized in the forestry entities, a situation which is even worse in the different regional offices. This hinders the support the Project can offer through different activities. Peru Bosques has decided to include activities aimed at training staff and improving data management systems in all the initiatives that involve handling of and access to information.
- The process of establishing new regional environmental authorities has created greater work opportunities at the institutional level, but it has also caused regional officials to feel insecure or to be displeased with the loss of importance in the areas they represent. Thus, the flow of information is being handled assertively; the suggestions made by officials are included or not included on the basis of a technical assessment. In this way, we can ensure that the officials are part of the process of designing the Regional Environmental Authorities.
- There are still internal dynamics within the different regions which hinder the work of the Project, such as institutional instability. The Project has opted to coordinate with the person in charge, involve as many officials as possible in the different work stages, and establish written agreements. The most remarkable case is the Madre de Dios region, which has had four different Regional Forestry Directors this year.

### **5.3. Best Practices**

- In the case of long-term initiatives, such as our work with the DGFFS and regional forestry authorities, Peru Bosques has decided to plan out the whole process, even when the Project will only support a part of the process. This contributes to establish a clear critical route, allowing all of the stakeholders to follow a single path and to have a panoramic view which will allow them to identify needs that need to be covered.
- The intervention strategy for forest management initiatives has been improved to give greater weight to the expertise and knowledge our work teams can offer licensees, rather than focus on monetary support. This change has allowed support activities to focus more on technical aspects rather than financing; this will lead to greater sustainability.
- In the activities undertaken with or in favor of the indigenous population, Peru Bosques has decided to develop printed materials aimed at reinforcing key concepts in their native languages or through graphics. This has been the case with the translation of the LFFS into native tongues and the guidelines for forest management with the Community Oversight Committees.

- Facing institutional instability, limited capacities, rotation of government officials or political uncertainty, especially in Madre de Dios, Peru Bosques has placed greater emphasis on coordinating our work with public-private groups, which have become key places to generate thematic stability in the face of changes in government positions.

#### **5.4. Priorities for the Next Year**

- *LFFS Regulations.* Peru Bosques will continue to offer technical and logistical support to further the regulations process, particularly in the stage involving the consultation and the participation of civil society.
- *Control Module.* Peru Bosques will contract the services of a firm to design the software. Equipment required for its operation will be purchased, and the Project will lend technical support to ensure the proper functioning of the system.
- *Give follow-up to the approval of different technical and regulation documents.* This is a recurring theme, but it has an important place in the work of the Project because the implementation of joint activities or improvements in the forestry sector depends on the government's approval.
- *Development of SNIP Projects.* Peru Bosques will continue to work towards obtaining feasibility status of the submitted projects and will continue to develop definitive studies as required.
- *Business networking.* In the next year, much effort will be given to establishing business partnerships between micro-enterprises and initiatives for specialized niches in foreign markets, allowing the forest entrepreneurs to obtain better prices for their products without needing to mass produce them.
- *Linking the forest value chain.* Through technical assistance, Peru Bosques hopes to improve the existing network linking small forest producer and licensees with primary and secondary transformation industries and product commercialization firms in order to generate a value chain based on efficiency, which will in turn produce increases in income.
- *Consolidation of the Community Forestry Oversight Committee.* Peru Bosques will begin the process of consolidating the Oversight Committees and establishing links with private initiatives, placing emphasis on lessons learned, and strengthening the social fabric.
- *Replicate the PSGC.* After the good results obtained in Pucallpa, the program will be replicated in Puerto Maldonado and Iquitos to improve the administration abilities of the traditional forest enterprise.

## ANNEX I: PROGRESS TOWARDS ACHIEVING TARGETS

The table below contains itemized details on progress towards achieving targets. The information comes from one source, the Project's on-line Planning, Monitoring, and Evaluation System, to which USAID has access.

Indicators	Unit	Year 2 Advances by Quarter				Total Year 2	Progress to date Year 1 and 2	Base Period Goals	Progress %
		Oct - Dec 2012	Jan - Mar 2013	Apr - Jun 2013	Jul - Sep 2013				
Project purpose: Improve forestry governance and environmental management, conserve sustainable tropical forest landscapes and increase forest-based livelihoods in Peru in the context of the implementation of the U.S.-Peru Trade Promotion Agreement (PTPA) and other international agreements.									
Objective 1: Institutional, technical and legal aspects of Peru’s forestry sector governance system are strengthened.									
1. Percentage of Peruvian agencies that implement the activities included in the annex on forestry sector management of the PTPA, with Project support	% National	0	0	0	0	0	0	45	0%
	% Regional	0	0	0	0	0	0	54	0%
2. Number of laws, policies, strategies, plans, agreements or regulations designed to improve governance of the forestry sector that have been officially submitted, adopted or implemented as a result of Project support.	# of norms	268	1003	11	17	1299	1309	1,140	115%
3. Number of individuals who received training associated with governance of the forestry sector as the result of Project support.	# of individuals	597	385	362	103	1447	2655	3,600	74%
Objective 2: Biodiversity of forests, protected areas and other ecosystems of ecological importance are conserved through increased private-sector investment in sustainable products, services and livelihoods.									
4. Amount of the investment leveraged in U.S. dollars from public and private sources for natural resource management and/or biodiversity conservation as a result of Project support in Madre of Dios and Loreto.	US\$	10,588	42,090	0	4,073,557	4,126,235	4,190,000	7,200,000	58%
5. Number of hectares under improved natural resource management as a result of Project support in Madre of Dios and Loreto.	# hectares	52869	67464.62	0	0	120,334	450,946	1,200,000	38%
6. Amount of greenhouse gas emissions measured in metric tons of reduced or sequestered CO2 as a result of Project support.	Metric tons	-	-	-	-	-	-	-	-



Indicators	Unit	Year 2 Advances by Quarter				Total Year 2	Progress to date Year 1 and 2	Base Period Goals	Progress %
7. Amount of increased sales of goods and services produced by SMEs or communities in Madre of Dios and Loreto as a result of Project support.	US\$	2,835	92,913	2,200	364,008	461,957	467,065	4,800,000	10%
8. Number of individuals who received training associated with natural resource management and biodiversity conservation.	# of individuals	827	186	58	66	1,137	1642	360	456%
<b>Objective 3: Capacity of national, regional and local authorities to efficiently manage natural resources and enforce environmental codes is strengthened.</b>									
9. Number of hectares under improved natural resource management as a result of Project support in areas of biological importance in Madre of Dios and Loreto.	# of hectares	0	0	0	0	0	0	600,000	0%
10. Amount of greenhouse gas emissions measured in metric tons of reduced or sequestered CO2 in areas of biological importance as a result of Project support.	Metric tons	-	-	-	-	-	-	TBD	-
11. Number of hectares of biological importance under improved management as a result of Project support in Madre of Dios and Loreto.	# of hectares	0	24571.83	24983	0	49,555	49,555	150,000	33%
12. Number of management tools designed for the sustainable management of natural resources and biodiversity conservation that were officially proposed, adopted or implemented as a result of Project support in Madre of Dios and Loreto.	# of management tools	2	18	0	1	21	23	30	77%
13. Number of individuals who received training associated with the environment and environmental legislation as a result of Project support.	# of individuals	0	0		0	0	190	600	32%
<b>Objective 4: Biodiversity of forests, protected areas and other ecosystems of ecological importance are conserved through increased private sector investment in sustainable products and livelihoods in the areas of the Alternative Development Program.</b>									
14. Number of hectares of alternative crops planted as a result of Project support in Ucayali.	# of hectares	0	0		0	0	500	4,800	10%
15. Number of individuals who have increased their economic benefits as a result of sustainable natural resource management and/or conservation as a result of Project support in Ucayali.	# of individuals	0	0		0	0	0	6,000	0%
16. Amount of increased sales of legal agricultural, agroforestry or forestry products in alternative development areas as a result of Project support in Ucayali.	US\$	0	0		0	0	570	6'000,000	0%
17. Number of sustainable new full-time jobs in alternative development areas as a result of Project support in Ucayali.	# of full-time positions	0	0		0	0	0	6000	0%

Cross Cutting Indicator									
18. Percentage of the vulnerable population that participates in the Project as beneficiaries.	%	49	61	69	62	62	62	20	309%

The following section consists of general comments regarding key results in the progress achieved in the fulfillment of the objectives for each indicator.

*Indicator 1. Percentage of Peruvian agencies that implement the activities included in the Appendix on forest management of the PTPA with Project support.*

No progress is recorded, not for lack of progress, but because the Institutional Ability Index tool which will be used for measuring progress has not been fully completed. We expect to report progress in this indicator in the next quarterly report.

*Indicator 2. Number of laws, policies, strategies, plans, agreements, or regulations designed to improve governance of the forestry sector that have been officially submitted, adopted, or implemented as a result of Project support.*

Peru Bosques has exceeded the objective (115%); 114% of this progress was made during this year, due to the high demand of requests made by the Peruvian government, especially in Madre de Dios, within the framework of the sub-activity “Improve Technical and Administrative Processes in the Madre de Dios Forest and Wildlife Regional Directorate.” 97% of the 115% progress in this indicator corresponds to the Madre de Dios region within the framework of the sub-activity “Improve Technical and Administrative Governance in the Madre de Dios Forest and Wildlife Regional Directorate.” 1,262 new technical instruments were developed for the management of forest resources: 802 technical reports and 460 resolutions. This will have positive implications on the management of forest resources, as it will allow forestry stakeholders to work under the protection of established regulations.

*Indicator 3. Number of individuals who received training associated with governance of the forestry sector as a result of Project support.*

The progress rate stands at 74% of the goal, 40% of which was achieved during this year, especially in the framework of the sub-activity “Strengthening the Community Forestry Oversight Committee to Improve Forest Governance Through the Participation of Indigenous Groups in the Ucayali region.”

*Indicator 4. Amount of investment leveraged in US dollars from public and private sources for natural resource management and/or biodiversity conservation as a result of Project support in Madre de Dios and Loreto.*

Only 1% of the target was achieved in the previous year. However, great progress was made during this year (57%) as a result of SNIP projects receiving feasibility status in Loreto and Ucayali.

*Indicator 5. Number of hectares under improved natural resource management as a result of Project support in Madre de Dios and Loreto.*

38% of the target has been achieved; during this year; the project continued working with areas which had been reported in the previous year, so only 10% progress was recorded during this year. Peru Bosques followed this strategy to consolidate results in the supported areas.

*Indicator 6. Amount of greenhouse gas emissions (measured in metric tons of CO<sub>2</sub>e) reduced or sequestered as a result of Project support.*

No progress is reported, as this calculation is carried out by USAID.

*Indicator 7. Amount of increased sales of goods and services produced by MSMEs or communities in Madre de Dios and Loreto as a result of Project support.*

9.62% of the target goal was achieved during this year. This is a low figure, but it is considerably higher than the progress reported in the previous year (0.11%). Progress in this area is considerable, especially when considering that results for this indicator are usually observed in the long term.

*Indicator 8. Number of individuals who received training associated with natural resource management and biodiversity conservation.*

Peru Bosques has exceeded this goal by 456%. The progress made in this year amounted to 316%. Most of the progress was made in Ucayali under the framework of the sub-activity “Establishment of timber forest species on lands adjoining the parcels of 500 hectares of cocoa-producing lands” and in Loreto through technical assistance to licensees and through activities designed to strengthen the management of two conservation areas: Tamshiyacu Tahuayo (ACRCTT) and ACR Alto Nanay Pintuyacu Chambira in the Ucayali region. This goal has been exceeded because Peru Bosques defined training as the starting point in the improvement of forest management. Since this training involves new useful techniques which are easy to implement, forest entrepreneurs have been receptive to them. This type of activity grants sustainability to other activities since it is an essential and transversal asset which remains with the trainees and allows them to improve all of their activities.

*Indicator 9. Number of hectares under improved natural resource management as a result of Project support in Madre de Dios and Loreto.*

No work was programmed in this area.

*Indicator 10. Amount of greenhouse gas emissions (measured in metric tons of CO<sub>2</sub>e) reduced or sequestered in biologically important areas as a result of Project support*

No progress is reported because this calculation is carried out by USAID.

*Indicator 11. Number of hectares of biological importance under improved management as a result of Project support in Madre de Dios and Loreto*

33% of the goal has been achieved, all of it corresponding to areas in the Ucayali Region. .

*Indicator 12. Number of management tools designed for the sustainable management of natural resources and biodiversity conservation that were officially proposed, adopted or implemented as a result of Project support in Madre de Dios and Loreto.*

77% of the target has been achieved; 70% of the progress was made during this year in the regions of Ucayali and Loreto.

*Indicator 13. Number of individuals who received training associated with the environment and environmental legislation as a result of Project support.*

No progress was reported this year due to a lack of activities involving this indicator, as Project activities have focused on forest governance and management of forest resources.

In the case of Objective 4 Indicators, now that it has been removed from the scope of the Project, no further activities in this area have been held; therefore, no more progress has been made towards these targets.

*Indicator 18. Percentage of all beneficiaries belonging to vulnerable populations participating in Project activities*

Out of all the people who participated in Peru Bosques activities during this year, 62% belonged to vulnerable populations; 43% correspond to indigenous population (15% female and 29% male) and 15% corresponds to non-indigenous women. This goal has been exceeded mainly due to strong efforts made with ORAU's Forestry Community Oversight Committee, especially in the training of community overseers who will watch over the community to control and improve the community's forest management. In addition, emphasis was made to train native groups on the Forest and Wildlife Law, which will improve their participation in the LFFS Regulations process.

The following graph shows progress in fulfillment of objectives by comparing the goal and progress made among the different indicators.

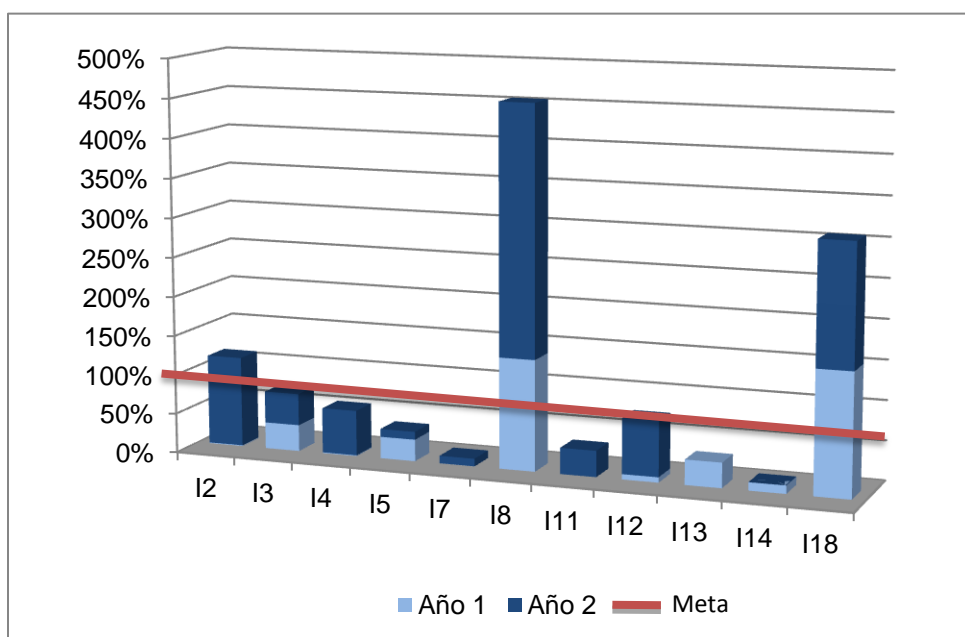


Figure 01: Comparison of fulfillment of objectives among the different indicators.

## ANNEX II: SNIP PROJECT CYCLE

Phase	Stage	Specifications
Formulation of concept for SNIP project	Identification of need	
Project development (pre-investment)	Formulation	At the level of a profile, if the budget is less than S/.10,000,000 At the level of feasibility, if the budget is more than S/.10,000,000
	Evaluation	Conducted by the Office of Programming and Investment (OPI) for the entity proposing the SNIP project and by the Ministry of Economy and Finance (MEF) if the project is publicly funded
<b>Confirmation of project viability by the OPI and MEF</b>		
<b>Budget prioritization of the project by the regional government</b>		
Implementation (investment)	Development of detailed technical proposal	A detailed study of the SNIP project is developed, including plans for project execution, budget, projected goals, technical specifications, and expected personnel requirements for project operation and maintenance
	Implementation of the SNIP project	Programmed activities are carried out
Evaluation (post-investment)	Operation and maintenance	This phase should determine whether the project has improved the ability of a particular entity to provide public goods or services in accordance with the conditions set forth in the initial study that confirmed the project's viability
	Post-project evaluation	Investigation of the extent to which the project's achievements have translated into expected results that correlate with what was envisioned during the pre-investment phase